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SIXTEENTH

ANNUAL REPORT

OF THE

PRESIDENT AND DIRECTORS

TO

THE STOCKHOLDERS

OF THE

BALTIMORE AND OHIO

RAIL-ROAD COMPANY.

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1842.





## ANNUAL REPORT.

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At a regular annual meeting of the Stockholders held, pursuant to the charter, on the Second Monday of October, 1842, in the city of Baltimore, the President and Directors of the Baltimore and Ohio Rail Road Company submitted the following report and statements of the affairs of the company:

FIRST.—*Of the Main Stem, as far as it has been put into operation; and of the Washington Branch.*

The state of the affairs of the company, on the 30th ultimo, is shewn by the statement marked A; and the statement B, exhibits the revenue and expenses of the *Main Stem*, during the year ending on the same day.

The comparative statement marked C, exhibits the number of *passengers* transported during the Months of *June, July, August* and *September* of the past year and of the year preceding, shewing that, during those months of the year 1842, the number has been *thirteen thousand and eighty-two* less than in the corresponding months of the year 1841. The four months of the past year, in which the falling off in the number of passengers has taken place, are those during which the road has been in operation from *Hancock*; and from this statement it will be observed that while the number of passengers transported has been less by 13,082, the revenue received by the company during the same period has been greater by \$22,797, thereby satisfactorily demonstrating the superior profits to be expected from an extended and improved line of road, even with a less amount of transportation.

From these statements it will appear that, independently of the accession to the revenue from the extension of the road to *Hancock*, the general business upon the *Main Stem* has improved, and that the receipts of the past year are greater than those of 1841 by \$35,422 79. It will also appear, that in consequence of the greater economy which the board has been enabled to introduce into the management of the road, the expenses during the past year have been less than in the year preceding, by nearly \$23,000. In the item of repairs of rail way alone, including an expenditure for the re-adjustment of the new track between *Harper's Ferry* and *Hancock*, the expense has been reduced \$12,000.

After the details presented in the last annual report, it may be sufficient here to state in general terms, that since the year 1837, the expense of transportation upon the *Main Stem* has been reduced more than one-half; and that the present cost of running the trains, including expenses of all kinds, excepting interest upon capital, as far as it has been practicable to make the comparison, is less than that upon any other road in the United States or in Europe.

The board also has the satisfaction to state that the road throughout the entire line is in as sound, and as efficient condition, as at the date of the last annual report; that the machinery of all kinds is more extensive and more efficient than at any previous period, and that the water stations and depots have been considerably improved, and are in a condition of thorough repair.

During the year, and under the peculiar embarrassments, which during the short period the board consented to collect its revenue in a depreciated paper, the company has been able promptly to meet all its engagements, its credit and resources remain unimpaired, and ample, it is believed, to discharge its obligations. It may also be stated that, under no circumstances will the loss sustained from the receipt of depreciated paper of all kinds exceed nine thousand dollars.

The net revenue, including the company's share of the dividend from the *Washington Branch*, amounts to \$204,896 45

being more than five per cent. upon the original expenditure of four millions of dollars, and nearly three per cent. upon the estimated cost of the entire work from Baltimore to Cumberland, including the machinery of all kinds necessary for the efficient operations of the road.

It would have been a source of gratification to the board if, consistent with its duty in the peculiar and trying crisis in which it was placed during the past year, it had been able to reserve these profits for distribution among the stockholders. This, however, could not be done without, as it appeared to the board, leading to losses and embarrassments far more injurious than a temporary suspension of the annual dividend. Urged by every consideration of public interest, and of duty to the stockholders, to press forward the work to *Cumberland*, it seemed imperative upon the board to regard that as a paramount object; nor was it apprehended, until some time in the last winter, that this object would prove incompatible with the annual dividend of the profits. It would not have been if the resources on which the board was warranted in relying for the prosecution of the work, had not unexpectedly, and from causes beyond its control, proved unavailing for that purpose. In the course of the winter, however, and after more than \$2,465,000 of the city and State funds had been actually expended upon the work, the city of Baltimore, from a combination of causes, became unable to continue adequate payments on account of her subscription. In this crisis, unless the board had applied the revenue in aid of the city subscription, the work must have stopped, and, as far as the board could discern, for an indefinite period. In that event, the road could not have been opened even to Hancock; the debts which had been already contracted and remaining unpaid, would have been promptly demanded, and for these, the revenue according to the provisions of the charter, not less than any other of the company's resources, was liable; the contract for the iron rails made at a very low rate, and upon favorable terms must have been abandoned; suits for the balances already due, with their long array of legal expenses, would have accumulated,

the road in its unfinished state must have suffered from annual dilapidation to an amount scarcely less than any probable net revenue, and the entire enterprise, for a series of years at least, would have been exposed to immediate and mortifying failure.

Under such circumstances, the profits of the road to Harper's Ferry must have been distributed to the city, as well as to the other stockholders, upon a capital stock not less than \$6,465,000, of which two millions four hundred and sixty-five thousand dollars had not contributed to earn them, and which in no manner entered into that part of the construction which produced the profits to be divided.

To guard against such consequences, the board thought it would best consult the true interests, no less than the wishes of the stockholders, to apply the income to the vigorous prosecution of the work, faithfully and promptly to comply with its obligations, and to uphold its credit; looking forward to the superior profits of an extended work ultimately to reimburse any temporary suspension of an annual dividend.

The board has the satisfaction now to state, as will more particularly appear in other parts of this report, that the object it contemplated by this measure has been fully accomplished, and that from every indication it has yet seen, it has ground to hope that all the reasonable expectations of the stockholders and of the public will be fully realised.

The affairs of the Washington road to the 30th ultimo, and also the revenue and expenses for the year, are shewn by the statements D and E.

The statement F shews a falling off in the number of *passengers* on this road as compared with 1841, of *thirteen thousand five hundred and sixty-nine*, and a consequent diminution in the revenue from that source of \$34,534 19.

At the same time there has been an increase in the tonnage of six thousand nine hundred and seventy-one tons, and an augmentation in the receipts from transportation of \$5,229 06.

The expenses upon this road, however, have been less, by nearly \$10,000, than during the previous year; and therefore

the aggregate falling off in the net revenue may be stated at \$15,505 81.

The repairs of railway, of locomotives, and of burthen cars continue to decrease; and it may be observed of the Washington road, as it has been of the Main Stem, that the road itself, the machinery of all kinds, and the water stations and depots are all in as good condition as at any previous period.

The net revenue, as will be seen from the statement C, amounts to the sum of \$93,797 65, of which the board have determined to divide five per cent., or five dollars upon each share, payable on or after the 16th day of November ensuing.

SECOND.—*As to the extension of the road from Harper's Ferry to the Ohio river.*

In the annual reports of 1840 and 1841, the stockholders were informed that, if nothing occurred to deprive the board of the resources appropriated to this part of the work, the road might be finished and put in operation as far as *Cumberland*, in the summer and autumn of 1842: and it may now be stated with positive certainty that, notwithstanding an unlooked for delay in the delivery of the iron rails, this expectation will be fully realised.

As early as the first of June last, the road was opened for travel and transportation from *Harper's Ferry* to a point opposite the town of *Hancock*, a distance of  $41\frac{1}{2}$  miles, and has ever since been in successful operation.

The contract made by Messrs. Baring, Brothers and Co. for the iron rails, comprehended the entire quantity sufficient to finish the work to *Cumberland*, the price of which that house consented to advance, with the right to be reimbursed from the sale of the State bonds deposited with them by the company. In the course of the last winter, however, it became obvious that, in consequence of the failure by the *State* to provide for the interest upon its other engagements, the bonds belonging to this company could not be relied upon, unless at a ruinous sacrifice, as the means of reimbursing their advances; and the Messrs. Baring declined delivering any

more iron than had already been sent forward, unless the means of payment could in some other manner be provided for.

The serious injury necessarily consequent upon a suspension of the work at the point which it had then reached, and the heavy loss which would have attended a sacrifice of the bonds in payment of the iron already furnished, made it no less the duty than the interest of the company to provide another and more satisfactory mode of payment. An arrangement has been accordingly concluded, by which, in consideration of an engagement by the company to pay for the whole quantity of iron in annual instalments of \$50,000, and interest semi-annually, the Messrs. Baring agreed to execute the contract in full, and also to surrender the option of selling the State bonds below the company's limits, so long as the annual payments should be punctually made. By this arrangement the company have not only obtained a credit of seven years for the cost of the iron, but by their ability punctually to comply with their engagements, have preserved the bonds of the State from any sacrifice, and they may now be reserved without risk as a fund for future operations. Under this arrangement the remainder of the iron sufficient to finish the road to *Cumberland* has actually arrived, and has been transported to the line of the road.

Of the *Graduation, Masonry and Bridging* upon the entire line, only part of the arching at the Doe Gulley Tunnel remains unfinished, and this, by arrangements already completed, may be advantageously prosecuted after opening the road and without interruption to either.

Of the *rail way track* the wood work to *Cumberland* is finished, and on 34 miles West of *Hancock* the iron rails are laid down and the road finished. On the remaining 21 miles necessary to complete the road throughout the entire length, the force employed is actually laying the rails upon one mile each day.

The water stations also, and the necessary depot buildings,

engine houses, turn tables and sidings, will be completed and in readiness at the same time with the road.

Preparatory to the present extension of the work, ten cars for passengers, one hundred and fifty for freight, and materials of the value of \$26,000 for similar cars, together with two eight wheeled engines of fourteen tons each, have been provided. This machinery it is supposed will be adequate for any immediate demand, and it is not anticipated that any augmentation, beyond two additional locomotives for freight will be required during the ensuing year.

The board is, therefore, warranted in saying that the road will be finished and put into operation to Cumberland, between the first and the tenth of the next month.

This extension of the road West of Harper's Ferry has been accomplished in a style of construction of greater permanence and of superior appearance even than that at first designed, and at a cost less than the original estimate.

The entire distance from Harper's Ferry to Cumberland is ninety-seven miles, passing thirty miles through the Valley of Virginia and at some distance from the Potomac, until opposite to old Fort Frederick, within twelve miles of Hancock, it returns to the river. The grades throughout this distance are forty feet to the mile, and the curves not less than one thousand feet radius.

The work thence pursues the margin of the river to Cumberland, cutting off, however, the great bends at the Doe Gully and the Paw Paw Ridge, and three small ones higher up. Six miles below Cumberland it crosses by a viaduct over the North Branch, from *Virginia* into *Maryland*, and reaches the National Road in the Eastern margin of the Town of Cumberland, at which point the company's depot is situated. From old Fort Frederick to Cumberland, the distance is sixty-seven miles, in which the grades do not exceed twenty six feet and a half to the mile, and the curvatures are generally large, the least radius, and that in a single instance only, being six hundred and thirty-seven feet. The road bed is

graded throughout to an average width of twenty-five feet, for a double track, and the bridges are of similar width.

All the principal cuttings are in rock, and most of the embankments are of the same material, and will be cheaply maintained in repair. There are eleven viaducts with stone abutments and piers, and wooden superstructures, and of the last the average length is thirty-six hundred and ninety feet. The Viaduct at Back Creek has a stone arch of eighty feet span, and the height of the parapet is sixty feet from the water. There are fourteen other small arched bridges of an aggregate span of two hundred and twenty feet, and the masonry and woodwork of the whole is of the most substantial character, effectually protected from decay. The trestle work at Harper's Ferry according to the requisition of the government, as the consideration for passing over the public property, is seventeen hundred feet in length, supported on a wall and pillars of stone, and partly on columns of cast iron.

There are three tunnels on the route to Cumberland; one immediately above Harper's Ferry ninety feet long, one at the Doe Gulley twelve hundred feet long, and a third at the Paw Paw Ridge two hundred and fifty feet in length. The two latter are through soft slate rock, and will be arched with brick to secure the roofs.

Although there is considerable heavy work in the cuttings and embankments, principally at the crossings of the several creeks and rivers, the passage of the North Mountain and the tunnels, and along the high river cliffs, the grading, in many parts of the line, and especially in the valley of Virginia, is very light and favorable.

The superstructure of the track consists of a wooden undersill and string piece with cross ties and blocks between them; the whole fastened together by wooden pins.

The iron rail is of the bridge form, weighing fifty-one pounds to the yard or eighty tons to the mile, with cast iron chairs at the ends and in the middle of the bars, which are held firmly down to the string piece by screw bolts at the ends and hook headed spikes at intermediate distances. The



whole rests on a bed of broken stone one foot in depth, which protects the track from the effects of rains and frost, and adds in every way to its strength and stability.

The road is laid with a single main track with a siding of one-fourth of a mile in length in every seven or eight miles, and at each of these points there is a capacious water station, constructed in the most substantial and improved manner.

The board have every reason to believe that upon this plan of construction, and with the present improved freight engines, general merchandize may be transported from Baltimore to Cumberland at a rate not exceeding fifty cents per hundred pounds, and that with the facilities furnished by the extension of the road to *Cumberland*, passengers may be transported from either *Pittsburg* or *Wheeling* to Philadelphia in thirty-six hours, and at an expense not exceeding fifteen dollars. Between *Baltimore* and *Cumberland* passengers may be transported in ten, and freight in fifteen hours. Between *Cumberland* and *Baltimore* it is believed iron may be transported at little more than three cents, and coal, if sufficient quantity be offered, not exceeding two cents per ton per mile.

According to the sum actually expended, and the estimate of the engineers, which at the present advanced state of the work is little liable to error, the entire cost of the road from *Harper's Ferry* to *Cumberland*, including *graduation*, *masonry* and *bridging*; rail way, including iron rails, machinery, water stations, depots, right of way, and expenses of engineering will not exceed \$3,450,000.

To meet this expenditure, the resources of the company consist of the subscription by the city of Baltimore of \$3,000,000, of the proceeds of sales of £5,250 of the State bonds, and the revenue from the road for the present year; and it will therefore be perceived that independently of the purchase of the iron rails amounting to £69,741 4 sterling, for which the company are allowed a credit of seven years, in the manner already stated, the board have been enabled to finish the work without contracting any loan.

It may be further remarked, that by the arrangements explained in ample detail in previous reports, and especially by the issue of stock orders, the city of Baltimore has been enabled to meet her subscription by the application of her stock at not less than its par value, and, as already stated the loss of the company, in consequence of receiving the orders in payment of revenue, will not in any event exceed the sum of \$9,000.

That the observations which the board will feel it a duty to submit in another place may be justly appreciated, it ought now to be remarked that these ends have been accomplished, and the road carried forward ninety-seven miles during a period of unparalleled disaster in the monetary affairs of the country. That during the same period there has existed not only a great scarcity of money, but a general derangement in all branches of business; all public securities have been greatly depressed, and most other works of public improvement have been suspended or altogether abandoned.

It ought ever to be borne in mind, however, that the results and advantages herein stated, gratifying as they may be, are partial merely; the fruits only of an imperfect, unfinished road; that they are also precarious, and liable, unless secured by further and continued exertions, to be snatched away by other and more enterprising communities.

It is not to be supposed that so much capital would have been risked, and so many sacrifices encountered merely for the construction of a work which should terminate at *Cumberland*, or be there arrested, without proper exertions to extend it further. The obvious and declared purpose of the men by whom the enterprise was projected, and of the *States* under the authority of which it has been perseveringly pushed forward, in defiance of the most formidable obstacles, was to open an easy and certain communication with the western waters, and furnish to the intermediate country the advantages of a cheap transportation. It was especially the object of the State of Maryland and of the city of Baltimore to open the shortest and cheapest route to the west; and thereby secure to the city the

benefit of the valuable trade with the great valley of the Mississippi ; and in prescribing the Ohio river as the indispensable limit of the enterprise, it was clearly foreseen, that the object could not be fully attained, if the work should stop short of that point.

The charters granted by *Maryland, Pennsylvania* and *Virginia* each contemplate the same limit ; in each is contained the same express provision that the work shall be extended to the Ohio river. It would, therefore, appear to be the duty of the company faithfully to exert all its energies to extend the road in conformity with these grants. To rest content with a shorter limit, or to falter in the undertaking when by proper exertion it might be carried onward, would not only disappoint the objects of the charters, but most probably lead to the projection of other works by which the Baltimore and Ohio Rail Road, in its incomplete state, might be rendered of little comparative value.

In the prosecution of the work, in conformity with the charters, it became the interest of all parties that it should be made by gradation. By the first step in its prosecution it was conducted to Harper's Ferry. Arrested for a season by unavoidable obstacles at that point, it subsequently moved forward, and has now been brought to the town of Cumberland.

Those who are familiar with the causes which so long retarded the advancement of the work, and with the obstacles which resolutely opposed its prosecution beyond Harper's Ferry ; and who have observed the steady perseverance with which they were defied and overcome, well know that a principal motive of urging on the road to *Cumberland*, was the hope of being able, by that means to diminish the difficulty of its further extension.

It was expected, and not without reason, that having reached that point the enterprise would have surmounted some of the most formidable impediments to its progress ; that from thence various interests which had been previously hostile or lukewarm would thereafter become auxiliary to its advancement. It was believed that beyond *Cumberland* it

would become the primary work of *Maryland*, and of Western Virginia and Pennsylvania, and that the two latter interests would be more readily induced to consider its further extension as the shortest and cheapest communication with the Eastern cities and the Atlantic Ocean, and adopt it as their own. It is yet believed that these expectations may be in a great degree realized.

The State of Virginia permits the occupation of any part of her territory in consideration that the road shall be made to Wheeling; and has agreed to pay \$1,058,000 or the one-fifth of the estimated cost of construction from Harper's Ferry to Cumberland only in that event.

Pennsylvania also consents to the occupation of her territory upon the condition that a branch of the road be made to Pittsburg. There can be little doubt that the countenance given to the Baltimore and Ohio Rail Road by the Pennsylvania Legislature has been dictated by the interests of which *Pittsburg* is the centre, and may be expected to be withdrawn when those interests are no longer subserved.

That the rail road, if extended according to the charter, will afford the shortest and cheapest communication from Pittsburg to the sea board, is undeniable. It would in fact place that city in closer proximity with the ocean, considering the difficulties and interruptions in the navigation of the *Delaware*, than the city of Philadelphia; and must therefore, so long as there is a reasonable expectation of its extension, continue to be preferred to any other route.

It is not, however, without formidable enemies in many parts of that State, and if the Company should fail to consult those interests at present favorable to the enterprise, or relax in its efforts to extend the work, Pennsylvania would doubtless redouble her exertions either to construct new works, or to reduce the charges upon such as are already in operation. In any such competition, the cost of transportation on the turnpike from the Ohio River to Cumberland, must always give advantage to the Pennsylvania works, not easy to be counteracted.

In the further extension of the Baltimore and Ohio Rail Road, however, the interests of the city of Baltimore are the most deeply involved.

It is not to be supposed that, in her liberal contributions to the work, the city of Baltimore was actuated merely by the dividends she might derive from the income of the road, or that in cheerfully submitting to the burthen of taxation for this purpose, her citizens contemplated no other advantage than the precarious interest which might accrue from the investment. These considerations doubtless had their influence, and it was not unreasonable to expect that the weight of taxation would be gradually lightened as the work should be extended to a profitable point. But the interest as a stockholder was the least inducement to engaging in the enterprise, and would afford the weakest justification for incurring so large a debt. The leading, sagacious, and sufficient object was to enlarge the resources and to elevate the destiny of this flourishing community: to ensure to Baltimore a full participation in the inexhaustible trade of the Valley of the Mississippi, and by this means to augment the capital and invigorate the enterprise of her citizens; to add to the value of their property, and re-establish and permanently maintain their commercial supremacy.

The city authorities well knew that these objects were not to be attained by a partial work, or by their unaided resources; and they therefore formed a compact with the State, by which the city took the lead in carrying the road to Cumberland, in the expectation that the State would contribute an equal sum towards its further prosecution. It becomes, therefore, no less the right than the interest of the city which has performed its part, to see that this object be diligently and perseveringly followed up.

It is not to be concealed that the interests more immediately connected with the Chesapeake and Ohio Canal terminating in a foreign district, have looked with great jealousy upon the advance of the rail road to *Cumberland*, and have grudgingly consented to any measure by which it could be facilitated. Although it may be hoped that in future this particular

rivalry may be less active, a competition of a much more serious character may be expected to arise, unless the rail road be vigorously carried beyond its reach. The Canal has progressed too far, and combines too many interests to warrant the belief that *it* also will not at an early day be completed to Cumberland: and if the rail road be permitted to linger for any great length of time at that point, all must see that for the transportation of merchandize and produce, to and from the West, the Canal may become a formidable rival. The trade from the *West* to *Baltimore* consists mainly of articles, a small portion only of which come to this city for consumption. They will be brought for exportation either coastwise, or to foreign ports; and may be as well exported from Alexandria,—to which point the Canal will soon be completed,—as from Baltimore. Reaching Cumberland in wagons across the mountains, a choice must there be made between the rail road and the Canal, and in either event, commissions for handling and forwarding must be paid. A selection of the cheapest route for the port of exportation may be expected, and therefore, unless the rail road consent to reduce its charge below the point of profit, Baltimore may be deprived of the trade. Such competition can only be effectually defeated by extending the rail road to the Ohio river, in which case the single change being from steamboat to the rail road, the produce once on the rail road, at a reasonable cost of transportation would not be likely to incur the cost of transshipment at Cumberland.

It has been matter not more of surprise than of deep regret that the commercial and general prosperity of Baltimore which advanced with so much rapidity before and during the war should have been so suddenly arrested, and that the trade of more recent years upon any just scale of comparison is so much less than in what may be called the “olden time.” All recollect the extraordinary growth of the city at the period mentioned, and the extensive commerce, especially in Western produce and dry goods, which was carried on thirty years ago, and all must now sensibly deplore that with an increased

population and not less capital and enterprise, there should be so great a falling off.

It is obvious, however, that during the period of her former prosperity, by means of her turnpike roads, and other improvements towards the West, Baltimore was enabled to maintain a successful competition for the trade of that region; and that by the introduction and vast augmentation of steamboats upon the Western waters the trade, which previously centred here, has been diverted to *New Orleans*, and thence to *New York*. To regain these advantages and restore the former prosperity of Baltimore, the rail road must be completed to the banks of the Ohio, and steam engines on the land, must compete with those on the water. *We must ensure cheap transportation by steam power from New Orleans to this city.*

It is not doubted, therefore, that all the interests involved in this great enterprise, and every motive of duty and sound policy require that it should be pressed forward with the utmost despatch.

Hereafter, as in the past, the work may be advanced by gradations, and in such manner as that each step will open new sources of trade more than commensurate with the cost of construction; and in that way prevent any risk from a partial expenditure.

The first step should be to push the road without interruption into the heart of the coal and iron deposits of Alleghany county; whereby the developments now in progress in that region will be accelerated, and the means of cheap transportation to the Baltimore market be promptly afforded.

From that point, independently of the iron which is now known to be awaiting the extension of the road, it may be expected that a considerable amount of coal will early be offered for transportation. By this means a new and valuable source of trade will be brought to the city, and a fresh impulse imparted to her enterprise. The superior purity and, in many other respects, peculiar qualities of the Alleghany coal when they become known, cannot fail to recommend it to extensive use, not only in Maryland but in other parts of the union; and

for the purposes of steam, as well as in many descriptions of manufactures, it will be generally adopted. Indeed it is only necessary to bring it to the Atlantic market at a reasonable price to ensure it a general preference over any other coal yet discovered.

If by means of cheap transportation, Baltimore can be made a depot for this article, of which, if the rail road be carried to the mines, there can be little doubt, the demand of this market, for home consumption and for exportation, even within a short time, cannot be estimated at less than one hundred thousand tons annually; and according to this estimate the revenue of the road from this source would amount to about \$380,000. The consumption by the Rail Road Company alone is an item of great importance. At present the company have thirty engines, of which from the opening of the road to *Cumberland* there will not be less than twenty-five in actual employment daily, and the consumption of coal by this number will not be less than 30,000 tons. The price of the article at Cumberland, until the road can be carried farther is estimated at \$2 50 per ton, while at the mines, including the cost of handling and loading into the cars, it would not cost more than \$1 per ton; thereby saving to the company in the article of fuel alone, not less than \$45,000 annually.

The line of the road, according to the location already adopted, passes into the immediate vicinity of the principal coal and iron establishments of that region, and therefore, in extending it to that point, there would be no deviation from the route to the Ohio river. The distance from Cumberland will not exceed twelve and a half miles, and the cost of construction, including the right of way and depot establishments, is estimated at not more than \$250,000.

Of this sum the iron requisite for the rail way may be estimated at \$70,000, and this, it is understood, a single establishment in Alleghany county will furnish, agreeing to receive payment from the tolls chargeable upon the transportation of their other commodities.



It is obvious that those capitalists engaged in the important works in the coal and iron region have an immediate and deep interest in the extension of the rail road to the theatre of their operations ; not less, certainly, than that which they have already manifested in the canal, since it would not only enlarge the market for their materials, but would be rendered available within a much shorter time, and at an inconsiderable expense. Their plain interest, therefore, would dictate an immediate employment of a part of their capital in the extension of the road, as almost indispensably necessary to a prompt development of their resources : and while they would in this way accelerate their own operations they would ensure a reasonable interest upon their investment in the rail road.

An advance either from those capitalists, or from the Institutions of Baltimore, of a sum considerably less than one-half of that they heretofore liberally contributed towards the construction of the road to *Cumberland*, and upon a security of not less solidity, the object here presented might be immediately accomplished.

It may be observed also, that if the estimate already stated of the quantity of coal necessary for the Baltimore market be not extravagant, the revenue from the transportation of that article alone would in less than six months re-imburse any advance that might be required from any quarter. To this might be added the annual saving in the article of fuel, being equal to one-fourth of any sum which would be needed to complete the road to the point indicated. And when it is considered, that neither this amount of revenue upon the transportation of coal, nor the saving in the article of fuel, can be realized until the work is extended to the mines, it is obviously the interest of the stockholders to consent to a temporary application of such part of their revenue as might be derived from the transportation of coal, without diverting, in any manner, in the interim, from its ordinary application, the revenue from all other sources.

But there ought in no event to be any other appropriation of the revenue, and no further levy upon the city of Baltimore

in order to extend the road; and such is not in the contemplation of the board.

Should these suggestions prove feasible, and surely in a matter of so much importance to the interests of Baltimore they deserve to succeed—during the time which would be occupied in the construction of the road to the mines, the board might employ the necessary exertions to render their other resources available. If in these they should be successful, the road might then be continued without interruption to the Ohio river, and even should they fail, the extension of the work to the mines would add considerably to the advantages of its termination at Cumberland, and remain a source of permanent profit to the Stockholders.

Besides the means here indicated, the Company is not destitute of resources upon which it may with some reason rely for the prosecution of the road to the Western waters. The entire cost of the work from Cumberland to Wheeling is estimated at \$4,600,000, and of the branch to Pittsburg at \$1,322,634, making together \$5,922,634.

The company have yet in reserve of the subscription by the State, the sum of \$3,175,000; upon this it will be conceded that no immediate reliance can be placed. But unless the State consent to an utter prostration of the public credit; an idea not to be tolerated,—the time is not distant when the securities held by the company may, if necessary, be brought into use.

They have also the subscription authorised by the State of Virginia, amounting to \$1,358,000, the payment whereof cannot be avoided, if the work be extended according to the terms of the law; and they have the subscription of \$1,000,000, by the city of *Wheeling*, which, unless she consent to surrender to *Pittsburg* all the advantages of the work, she may be expected in due time to render available.

To these it is not unreasonable to add a similar contribution by the city of *Pittsburg*, as soon as she can be satisfied that with such aid the road can be completed to that city; and it

will be seen the aggregate of these sums exceeds by \$610,366 the estimated cost of the entire work.

There is reason to hope, too that within a short time a new resource, not hitherto relied upon, may be opened to the company. The transportation of the mail with the expedition and regularity and safety afforded by rail roads has become an object of great urgency, and of indispensible importance; and the Post Office Department is already diligently devising means by which it may obtain such control as will effect this object. The completion of the line of Rail Roads along the sea board, while it increases the necessity of similar facilities between the Atlantic cities and the Western States, affords the Department the opportunity of obtaining them with comparative ease. The extension of the Baltimore and Ohio Rail Road to *Wheeling* and to *Pittsburg* and thence connecting with the Boats on the Western Waters, would immediately give to the Mail Transportation the power of steam from the sea-board throughout the valley of the Mississippi; and in this respect, place the Western Country upon an equality with the Atlantic States. To accomplish an object of so much importance in a national point of view, and to ensure the right of transportation in perpetuity, the Department need only to advance a sum in three annual instalments, not greater than that which in twenty years it would be compelled to pay for the transportation of the Mail alone.

In bringing these resources to the view of the Stockholders and of the community at large, the Board is not unmindful that they are more or less contingent; and that the expectations founded upon them may fail,—as the soberest calculations, dictated by the soundest wisdom and most reasonable hopes, may fail; but if they are to fail it should not be from a want of proper energy and perseverance, nor without an effort to realize them.

They ought not to fail without an appeal to the State of *Virginia* to modify the terms of her subscription, and now that so much has been done, to put forth her power to accomplish the rest; to *Wheeling*, to bestir herself to make good her

engagements, and to *Pittsburg* to contribute her share ; to the *Post Office Department* to secure advantages which may not be otherwise attainable ; and to the Institutions of Baltimore to ensure the completion of an enterprise, which, by its influence upon the commerce of the city, is to enlarge the sphere and add to the profits of their own operations. Whatever results may attend the efforts of the Board and the Stockholders for these purposes, however, no room should be left for reproach at home and no ground to impute negligence or supineness to those to whom the conduct of the enterprise has been especially entrusted. It is in the order of things that great enterprises are always attended with great difficulties, only to be overcome by persevering energy and unwavering fortitude. If in such works as the Baltimore and Ohio Rail Road those engaged in their prosecution should shrink from obstacles inseparable from all great undertakings, the spirit of enterprise would accomplish nothing : the New York and Erie Canal would never have been made, and the present work could not have reached Harper's Ferry. If in 1838, when the company found itself without the means of carrying on the road as then constructed ; with an income less than the expenditures and with charters of a precarious tenure ; the subscription by the State clogged with appalling embarrassments and the city of Baltimore, in the opinion of many, unable to pay ; if in that crisis, the board had yielded to the apparent necessity of the case and made no effort to vanquish the difficulties with which they were beset, their task would have proved utterly hopeless and the work must have been forever abandoned. They did not falter, however, and though the success with which their efforts have been crowned should not be allowed to beget vain and delusive expectations, it may at least be hoped that the energy and perseverance which have achieved the past, will not be altogether unavailing in the future.

Those who will recur to the year 1839, and call to mind the gloom which then clouded their prospects, and who will reflect upon the almost hopeless state of their limited resources, and

the efforts strenuously made in some quarters to discourage the payment even of these, will not fail to acknowledge, whatever they may think of the present resources of the company, that the prospect of extending the road to the Ohio river is quite as fair and reasonable as it was at the former period, and even more recently, of finishing it to *Cumberland*.

The directors, therefore, fixing their attention upon the ultimate destination of the enterprise committed to their management, and feeling it an imperative duty diligently and in good faith to labor for the accomplishment of that end, will continue to exert all their skill and energy, to realise the means of finishing the road to the Ohio river: not doubting that in this resolution they will receive the co-operation of the stockholders, and of the community at large.

By order of the Board of Directors,

LOUIS McLANE, *President*.

*Office of the Baltimore and Ohio Rail-Road Co.,* }  
*October 7th, 1842.* }



( A )

Dr. *The Baltimore and Ohio Rail Road Company, October 1, 1842.*

CR.

Stock in the Washington Branch Road,	-	-	Loan at six per cent. for the purpose of taking Stock in the Washington Branch Road,	-	-	\$4,000,000 00	\$1,000,000 00
Cost of road to Harper's Ferry,	\$3,465,048 79		Stock,	-	-	257 50	
Real Estate and Depots,	266,156 86		Delinquent Stockholders,	-	-		
Locomotives, Horses, Mules and Harness, Passenger and Burden Cars,	268,794 35						
Cost of the road west of Harper's Ferry,	-	4,000,000 00	Due the Washington Branch Road,	-	-		3,999,742 50
Baring, Brothers & Co. London,	-	3,235,592 56	Loans from Banks on City Stock on account of the City of Baltimore,	-	-		159,594 65
Interest on State Bonds,	-	2,878,017 35	Bills payable,	-	-		57,628 61
City of Baltimore six per cent. Stock on hand,	-	1,083 16	Thomas Whtridge,	-	-		80,713 12
Bills receivable,	-	72,292 15	Premium on Sterling Bills,	-	-		4,297 74
Expenses of Stock Certificates of the State, to be re-funded by Commissioner of Loans,	-	1,234 92	City of Baltimore,	-	-		2,588 79
City of Baltimore six per cent. Stock pledged to Banks and individuals,	-	1,711 40	State of Maryland five per cent. Sterling Bonds,	-	-		2,700,768 31
William Woodville,	-	104,983 33	Revenue,	-	-	\$430,881 21	3,200,000 00
Western Bank,	-	1,000 00	Less expenses, Repairs and Interest,	-	-	277,614 76	17,324 09
Cash in the hands of officers,	-	270 00					*153,266 45
Cash on hand,	-	8,568 43					
	-	38,570 96					
		\$11,375,924 26					\$11,375,924 26

*Office of the Baltimore and Ohio Rail Road Company, October 1, 1842.*

J. I. ATKINSON, Sec'y.

\* To this amount is to be added the dividend from the Washington Branch Road to be received by the Main Stem, viz. \$51,680, and which will make the net revenue \$204,896 45.

## ( B )

*Statement of the Revenue and Expenses of the Baltimore and Ohio Rail Road Company, on account of the Main Stem of the Road, for the year ending the 30th of September, 1842.*

The amount received for the transportation of Passengers and Merchandize for the year ending the 30th of September, 1842, is - - - - -		\$426,492 66
And the expenses for the same period are as follow, viz:		
Expenses of Transportation, including Fuel, Salaries of the Superintendent, Agents, Conductors, &c. &c. - - - - -	\$98,417 90	
Repairs of the Road, - - - - -	58,765 95	
Repairs of Depots, - - - - -	5,090 45	
Repairs of Water Stations, - - - - -	710 40	
Repairs of Burden Cars, - - - - -	13,207 02	
Repairs of Passenger Cars, - - - - -	6,038 35	
Repairs of Locomotives, - - - - -	24,867 34	
Repairs of Bridges, - - - - -	186 12	
Interest on moneys borrowed, - - - - -	2,072 00	
Construction of Water Stations, Improvements at Mount Clare, and re-building Engine House at Frederick, - - -	2,498 99	
Office and Incidental Expenses, including Salaries, House Rent, &c. - - - - -	9,432 24	
		221,286 76
Shewing the net revenue for the year to be - - -		\$205,205 90

*Office of the Baltimore and Ohio Rail Road Company, }  
October 1st, 1842. }*

J. I. ATKINSON, *Sec'ry.*



## ( C )

*Comparative statement of the Passengers and Tonnage which passed over the Baltimore and Ohio Rail Road, during the months of June, July, August and September of the years 1841 and 1842.*

1841.	Passengers.	Tonnage.	Amount.
June, . . . . .	16,887 $\frac{1}{2}$	3684	\$32,429 82
July, . . . . .	18,691 $\frac{1}{2}$	4574	29,146 16
August, . . . . .	18,641	5678	35,668 19
September, . . . .	16,233 $\frac{1}{2}$	7057	44,387 05
	70,453 $\frac{1}{2}$	20,993	\$141,631 22
1842.	Passengers.	Tonnage.	Amount.
June, . . . . .	12,093 $\frac{1}{2}$	3025	\$33,205 21
July, . . . . .	14,620 $\frac{1}{2}$	2867	80,407 66
August, . . . . .	15,514	6757	44,190 95
September, . . . .	15,143 $\frac{1}{2}$	10057	56,624 42
	57,371 $\frac{1}{2}$	22,706	\$164,428 24

October 1, 1842.

( D )

DR. *The Washington Branch Rail Road, October 1st, 1842.* CR.

Cost of Road, Real Estate, Engines and Cars, -	\$1,652,463 25	Stock, -	-	\$1,650,000 00
Cash in the hands of Officers, -	171 16	Annuity of five per cent, -	-	25,000 00
Due by the Baltimore and Ohio Rail Road, -	159,594 66	Revenue, -	\$211,700 26	
		Less Expenses, Repairs and Interest, -	74,471 19	
				*197,229 07
	\$1,812,229 07			\$1,812,229 07

*Office of the Baltimore and Ohio Rail Road Company, October 1st, 1842.*

J. I. ATKINSON, *Sec'y.*

\* From this amount is to be deducted the bonus due the State, one-fifth of the receipts from Passengers, viz: \$43,431 42, leaving the net balance of revenue account \$93,797 65.

## ( E )

*Statement of the Revenue and Expenses of the Washington Branch of the Baltimore and Ohio Rail Road, for the year ending the 30th of September, 1842.*

The amount received for the transportation of Passengers and Merchandize for the year ending the 30th of September, 1842, is - - - - -	\$206,548 53
And the expenses for the same period are as follow, viz:	
Expenses of Transportation, including Fuel, Salaries of Superintendent, Agents, Conductors, &c. - - - - -	\$26,397 76
Repairs of the Road, - - - - -	20,374 33
Repairs of Locomotives, - - - - -	6,226 81
Repairs of Passenger Cars, - - - - -	4,810 19
Repairs of Burden Cars, - - - - -	4,283 80
Repairs of Depots, - - - - -	286 05
Repairs of Water Stations, - - - - -	516 23
Interest on Elkridge Landing annuity, - - - - -	1,750 00
Construction of Depot at Washington, - - - - -	3,816 71
Office and Incidental Expenses, including Salaries, House Rent, &c. &c. - - - - -	6,009 31
	74,471 19
	\$132,077 34
Deduct bonus due the State, one-fifth of the receipts from Passengers, - - - - -	43,431 42
Shewing the net revenue for the year to be - - - - -	\$88,645 92

*Office of the Baltimore and Ohio Rail Road Company, }  
October 1st, 1842. }*

J. I. ATKINSON, *Sec'ry.*

( F )

## WASHINGTON BRANCH.

## TONNAGE.

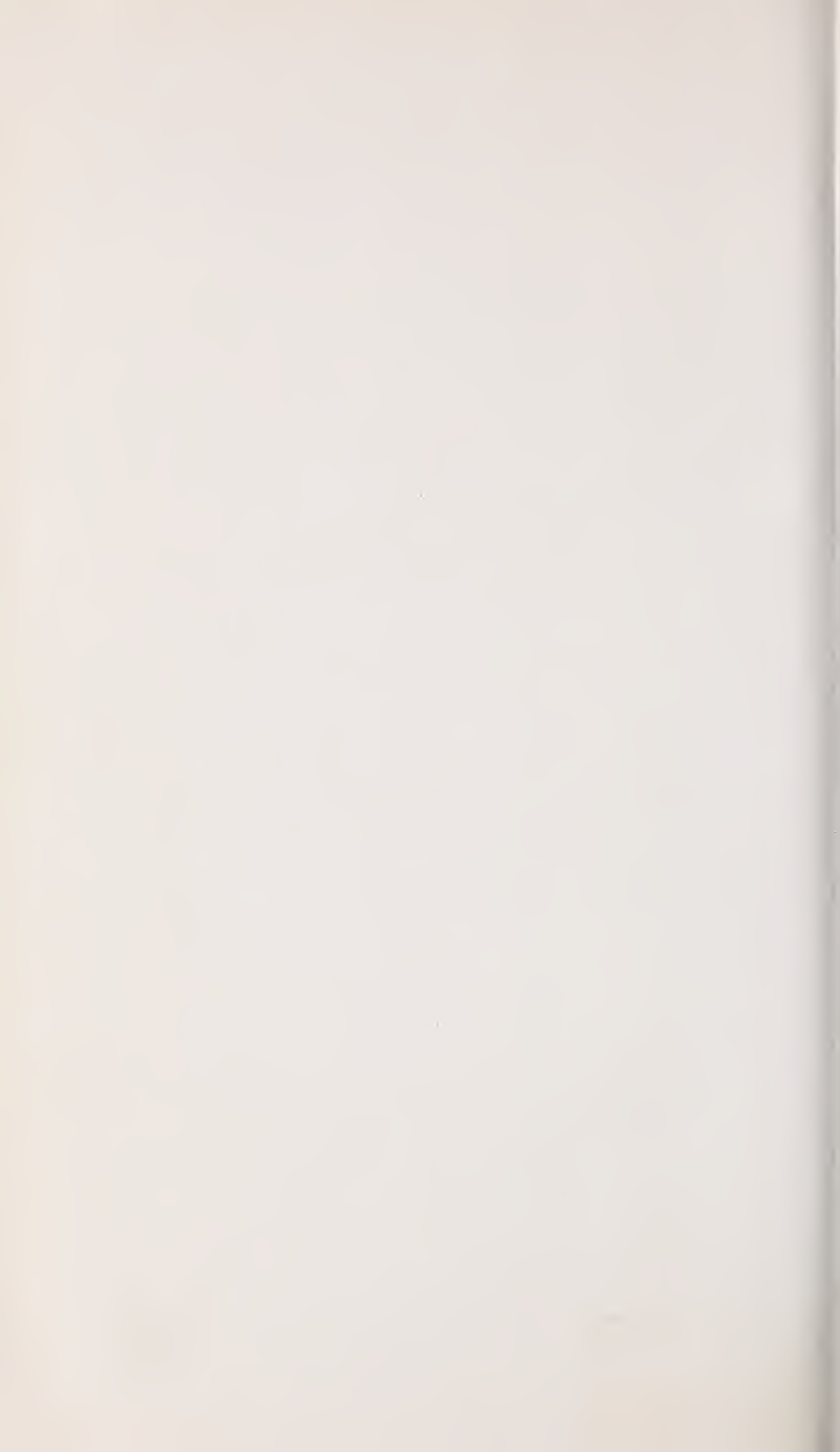
	Tons.	cwts.	qrs.	lbs.	Revenue.
1841-2.	30,760	15	1	13	\$56,174 93
1840-1.	23,789	5	3	10	50,945 87
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Increase,	6,971	9	2	3	\$5,229 06

## PASSENGERS.

	Passengers.	Revenue.
1840-41.	108,136	\$233,873 46
1841-42.	94,567	199,339 27
	<hr/>	<hr/>
Decrease,	13,569	\$34,534 19

*October 1st, 1842.*







JUN 76

N. MANCHESTER,  
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